

Message Text

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PAGE 01 STATE 187537

15

ORIGIN OPIC-12

INFO OCT-01 ARA-16 ISO-00 EB-11 L-03 COME-00 TRSE-00 OMB-01

AID-20 H-03 SS-15 NSC-10 /092 R

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DRAFTED BY PRGILBERT OPIC GC -LGH

APPROVED BY EB/IFD/OIA:CNELLIS

C. HUNT, OPIC/GC

W.H. COURTNEY, EB/IFD/OIA

F. MAERKLE, EB/IFD/OIA (INFO)

ARA-HWSHLANDEMAN

ARA/BC - JKARKASHIAN

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R 202136Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

C O N F I D E N T I A L STATE 187537

E.O. 11652: GDS

TAGS: EIND, CH

SUBJECT: POSSIBLE OPPORTUNITY FOR INTERVENED U.S. FIRMS IN
CHILE

REF: SANTIAGO 4369

1. OPIC CONTACTED INSURED INVESTORS WITH ACTIVE CLAIMS
BASED ON INTERVENTIONS OR REQUISITIONS AS WELL AS
INSURED INVESTORS WHO HAD RECENTLY BEEN DISCUSSING POSSIBLE
SETTLEMENTS WITH GOC.

2. FORD REP. SAID THAT THEIR RECENT DISCUSSIONS WITH
GOC INCLUDED POSSIBLE SALE OF PLANT BUT TERMS PROPOSED BY
GOC WERE UNACCEPTABLE. FORD WILL MOST LIKELY
CONTACT GOC AND IN NEAR FUTURE TO CONTINUE TALKS.

3. ICF REP. SAID THAT HE WOULD CONTACT YARUR TO ADVISE HIM
OF POSSIBILITY FOR RETURN OWNERSHIP CONTROL QUIMICA IN-
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PAGE 02 STATE 187537

DUSTRIAL AND SUGGEST CONTACT WITH GOC. YARUR DID REPORT IN

TELECON WITH ICF REP. THAT BATTLE HAD BEEN FOUGHT AT QI PLANT AND SOME DAMAGE DONE. OPIC WOULD APPRECIATE IT IF EMBASSY, WHEN CONVENIENT, COULD CONFIRM REPORT BY CONTACTING YARUR AND FURNISH SOME IDEA OF DAMAGE.

4. JOHNS MANVILLE REP. WILL ALERT BELGIAN PARTNER ABOUT POSSIBLE INITIATIVE CONCERNING INTERVENED FIRMS. BELGIAN PARTNER LIKELY TO TAKE MORE ACTIVE ROLE IF DISCUSSIONS FOLLOW.

5. BANK OF AMERICA CONTACTED LOCAL REP. ADAM WHO IS TRYING TO ARRANGE APPOINTMENT WITH CENTRAL BANK TO DISCUSS TENTATIVE AGREEMENT THAT HAD BEEN REACHED WITH CENTRAL BANK ON SEPT 6 TO EXTEND NEW LINES OF CREDIT AND RESCHEDULE ARAUCO AND PETRODOW LOANS.

6. CONTINENTAL COPPER REP. REPORTED TOKYO MEETING OF SAGASCA SHAREHOLDERS, WHICH WAS ADJOURNED TO OCTOBER 8 IN NEW YORK UPON NEWS OF COUP, HAS NOW BEEN INDEFINITELY POSTPONED AT IFC AND DOWA INITIATIVE. CONTINENTAL REPORTS IMPROVED PRODUCTION FIGURES AND EXPRESSES BELIEF THAT SAGASCA CAN WORK QUICKLY OUT OF FINANCIAL DIFFICULTIES WITHOUT FINANCIAL RESTRUCTURING IF EXCHANGE RATE RECTIFIED. MORE ON THIS CASE SEPT 11.

7. PARSONS AND WHITTEMORE HAD REACHED TENTATIVE AGREEMENT WITH CORFO AS TO PAYMENT OF FEES DUE FOR MANAGING ARAUCO AND AS TO WHAT PORTION OF THE TWO NOTES TOTALING DOLS 351,604 DUE OCT 15 WOULD BE PAID. UNDER TERMS MARCH 1972 BUY-OUT CORFO MUST NOTIFY ESCROW AGENT HOLDING NOTES BY SEPTEMBER 24 WHETHER TO RELEASE NOTES TO P AND W OR TO RETURN THEM TO CORFO IN EXCHANGE FOR NEW NOTES DUE IN 1982. OCTOBER 15 NOTES FULLY GUARANTEED BY OPIC. OPIC UNDERSTANDS CORFO HAD AGREED TO PAY HALF AND TO POSTPONE HALF. P AND W CONTACTED NEW MILL MANAGER FAJARDO WHO IS IN CONTACT WITH APPROPRIATE CORFO PEOPLE. IF NECESSARY, P AND W WILL EXTEND TIME TO NOTIFY ESCROW AGENT UNTIL OCTOBER 8.

8. IN INFORMAL CONVERSATION WITH ITT REP., OPIC WAS ADVISED THAT ITT STANDS READY TO BE COOPERATIVE AND DISCUSS MATTERS CONFIDENTIAL

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PAGE 03 STATE 187537

OF MUTUAL INTEREST WITH GOC.

9. DOW REP. REPORTED CONTACT INITIATED BY CHILE EMBASSY, WASHINGTON. MESSAGE TRANSMITTED AT REQUEST OF ADMIRAL HUERTA THAT GOC WANTED DOW TECHNICAL HELP TO EVALUATE CONDITION OF PETRODOW PLANT. DOW REPLIED THAT THEY WERE INTERESTED IN HELPING BUT ASKED FOR WRITTEN REQUEST WITH MORE DETAIL FROM GOC. NO MENTION WAS MADE OF RETURN OF PLANT TO DOW OWNER-

SHIP. DOW LOCAL LAWYER ORREGO NOW IN FLORIDA PLANS
RETURN SANTIAGO SOONEST AND WILL FOLLOW UP GOC INQUIRY THERE.
DOW ADVISES IT COULD HAVE TECHNICAL TEAM IN CHILE
BY END OF NEXT WEEK.
RUSH

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